GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3567
ANSWERED ON:27.04.2007
TAX ON RETAIL SALE OF IMPORTED GOODS
Singh Shri Rakesh

Will the Minister of FINANCE be pleased to state:

(a) whether any duty/tax is levied on retail sale of imported goods in domestic market by some States ;

(b) if so, the details of such duties on each category of imported goods along with reasons therefor;

(c) whether any direction has been issued by the Union Government to charge uniform VAT by States; and

(d) if so, the details thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) and (b): The taxes/ duties levied on retail sale of imported goods in the domestic market by the States are the same as the taxes levied on retail sale of domestic goods. State VAT/ Sales Tax is levied on sale or purchase of such goods within a State by virtue of Entry 54 of State List of Seventh Schedule of the Constitution. Central Sales Tax (CST) is levied on inter-State sale of such goods.

(c) and (d): State VAT/ Sales Tax being a State subject, it is for the States concerned to decide the structure of tax rates. The Empowered Committee of State Finance Ministers (EC) has finalised the design of State VAT, including structure of VAT rates, which has generally been adopted by all the States implementing VAT. VAT being a State subject, there is no question of Central Government giving any directions to the State Governments. The Central Government has only been playing the role of a facilitator in this important tax reform process.